



# AEROSPACE ACQUISITION

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## ***Air Force Announces Acquisition Reform Lightning Bolts '99***

*Capitalizing on the resounding success of the first round of Lightning Bolts, Mrs. Darleen A. Druyun unveils Lightning Bolts '99 to further strengthen and accelerate Air Force Acquisition and Sustainment of warfighter weapon systems.*

WASHINGTON DC, APRIL 23, 1999- Mrs. Darleen A. Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, continues to set the pace and standard for acquisition and sustainment reform throughout the Air Force. At a ceremony with key Air Force and Industry leaders, Mrs. Druyun rolled out these dynamic initiatives in a presentation that included a satellite broadcast, a video, and a panel discussion on the future goals of Air Force acquisition and sus-

*by Col William W. Selah, SAF/AQXA*

tainment. These high-impact, high-visibility initiatives are designed for rapid and long-lasting improvements to our current acquisition and sustainment culture, as well as for strengthening our partnerships with industry. Lightning Bolts '99 will be managed on the fast-paced track of the successfully-established Air Force Acquisition and Sustainment Reinvention Process.

The Reinvention Process was inaugurated by Mrs. Druyun throughout the Air Force in May '98 during Acquisition Reform Week III. Acquisition Reform Reinvention Teams are the primary element of the Reinvention Process and are designed to investigate deeply-rooted process problems that require greater customization of the solution to an af-



*Mrs. Darleen A. Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management*

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# Acquisition Reform Lightning Bolts '99

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affected part of the Air Force community and are uniquely process-focused with a longer implementation timeline.

The other three elements of the Reinvention Process are the Acquisition Reform (AR) Leadership Council, providing oversight and guidance; AR Champions, designated individuals throughout the Air Force; and the AR Core Team, the engine and lifeblood of the Reinvention Process itself. Lightning Bolts '99 are on an accelerated timeline that will quickly unload cultural and regulatory baggage and free the Air Force to focus valuable time and resources on efficient performance.

Lightning Bolts '99 carry the momentum of previous Lightning Bolts and give a further boost to cultural change.

According to Lt Gen Gregory Martin, Principal Deputy Assistant Secretary (Acquisition), "I've been on both sides of the fence, the warfighter side and now the acquisition side, and I know the reforms we are putting in place with these Lightning Bolts are filling a critical need to continue to find the best ways of doing business. We do this not only to maximize the resources available to get weapon systems to the warfighter, but also to be good stewards of the taxpayer's dollars."

The first round of Lightning Bolts issued by Mrs. Druyun in 1995:

- Reduced System Program Office size.
- Revolutionized Requests for Proposals.
  - Gave contractors the opportunity to respond with proven solutions rooted in commercial experience.
  - Radically reduced data reporting requirements, freeing contractor time for design, test, and production of hardware and software.
- Made teamwork with contractors and within government acquisition channels the standard for day-to-day operations, and
- Prompted DoD to adopt the AF Lightning Bolt-initiated Single Acquisition Management Plan (SAMP) that completely overhauled documentation preparation for Program Milestone Decisions.

Continuing the process of acquisition and sustainment reform is crucial to the efficient delivery of effective weapon systems to the warfighters to meet national strategic objectives and keep our country safe. All who are part of the acquisition and sustainment community, whether in requirements definition, program management, financial management, contracting, test, engineering, sustainment, or industry partners are key to our present and future success.

## LIGHTNING BOLT 99-1

### Acquisition Support Teams

by Lt Col Larry Knight, HQ AFMC/AQ

WRIGHT PATTERSON AFB, OH - Lightning Bolt 99-1, Acquisition Support Teams (ASTs), builds upon the success of the Centralized Request for Proposal Support Team (CRFPST) at Wright-Patterson AFB and the AFMC Center RFP Support Offices (created under Lightning Bolt 95-1), and expands their services to all pre-award activities. These organizations will be redesignated Acquisition Support Teams (ASTs). The ASTs will be responsible and accountable for implementing performance-based concepts during acquisition strategy development, RFP streamlining, and source selection planning and execution. Commenting on this initiative, Lt Gen Gregory Martin, Principal Deputy Assistant Secretary (Acquisition), added, "The expansion of RFPST responsibilities to put even more emphasis on the critical pre-award phase will be a key element of support to our program offices as they endeavor to get the best possible start for their contracts." The Lightning Bolt Champion, Mr. Jerome Sutton, and Lightning Bolt Leader, Lt Col Larry Knight, in conjunction with the Center teams, are developing an implementation plan that will provide program teams a single place to shop for innovative tools to use on their respective programs. Program managers will also be able to get individual assistance on all pre-award activities applicable to their programs. All Center AST teams will be fully operational by 1 October 1999.

## LIGHTNING BOLT 99-2

### Superior Source Selections

by Ms. Kathleen James, SAF/AQCP

Mrs. Darleen A. Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, announced today a new set of "Lightning Bolt" initiatives. One of these is

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## Leveraging Limited Resources

## Reinvention Teams — Achieving Changes

by Bruce D. Wyman, SAF/AQXA (ANSER)

Dr. Jacques Gansler, Under Secretary of Defense for Acquisition and Technology (USD(A&T)), commented last fall that "We have unlimited demands for very limited resources. We simply can't afford to buy all the things we'd like to have, and if we continue on our present path we are not going to be able to afford to buy the things we have to have. . . . If we don't begin to break out soon from this death spiral it will be impossible to do so later."

Among his options is "termination of a number of traditional weapon systems that are now in acquisition in order to fund the newer systems." He called widespread implementation of acquisition reform a necessary action.

The Air Force has already saved or avoided spending over \$30 billion in recent years through acquisition reforms. Building upon these successes, the Air Force rolled out its next generation acquisition reform concept—the *Acquisition and Sustainment Reinvention Process*, during Acquisition Reform Week III (AR Week III), 4-8 May 1998. Using a process-oriented approach, this concept takes improvement ideas directly from the workforce and industry to make Air Force acquisition better, faster, and cheaper.

The first phase of the process—*Identify*—centers around members of the acquisition workforce—the folks who are on the front lines of today's acquisition processes and procedures—submitting ideas for consideration.

The second phase—*Study & Develop*—includes analyzing and integrating existing activities to better integrate related efforts and better understand the existing body of knowledge and initiatives. In this phase, Reinvention Teams examine a particular opportunity approved by the Air

Force Acquisition Reform Leadership Council. Nine Reinvention Teams are already working: Evolutionary Acquisition, Cost as an Independent Variable/Sustainment Emphasis in the Requirements Process, Program Element Consolidation, Contract Award Cycle Time, Commercial Services, Reengineering the Source Selection Process, Centralized Sustainment Contracts, Acquisition Reform Training, and Total Ownership Cost.

Four more Reinvention Teams have been approved: Streamlining the Requirements Process, Contractor Incentives for Development Schedules, Maintain/Enhance Cost Estimating Capabilities, and Modification Management Process.

Reinvention Teams comprise a cross-

and have tested meaningful metrics for judging the efficiency of the proposed package. The *Acquisition Reform Leadership Council* approves a commitment to deploy the changes.

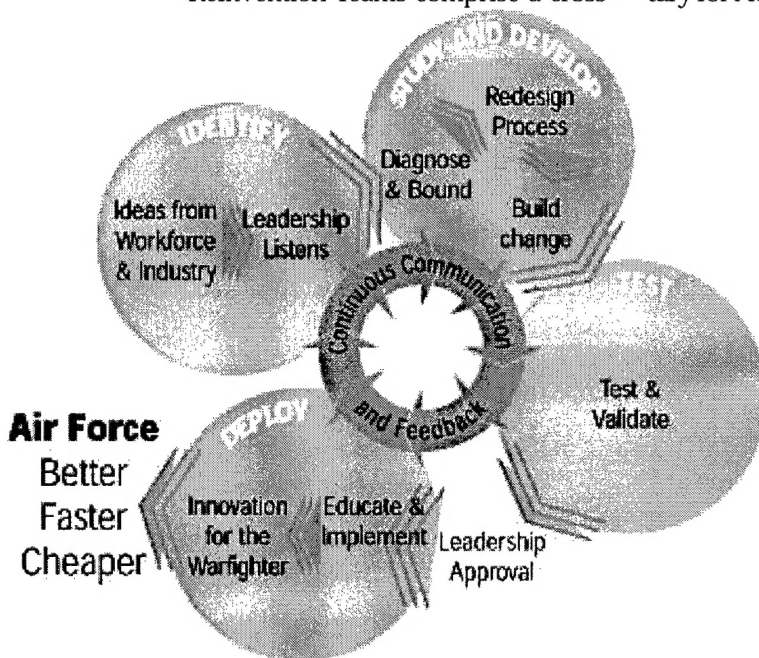
In the final phase—*Deploy*—the Innovation Package is implemented across the acquisition workforce, as appropriate, to deliver required capabilities to the warfighters. Education and training of the acquisition workforce are key elements in providing the tools, knowledge, skills, and understanding necessary to implement the changes in a timely and effective manner.

According to Lt Gen Gregory Martin, Principal Deputy to the Assistant Secretary for Acquisition, "Recent Acquisition

Reform and acquisition streamlining have given us the opportunity and the charge, if you will, to launch off in innovative and imaginative ways..." Clearly, the *Acquisition and Sustainment Reinvention Process* provides this opportunity for the acquisition workforce. Current Reinvention Teams are approaching the point of tangible results. Articles on these appear elsewhere in this issue.

Each of the Reinvention Teams has a very real bias toward achieving demonstrable changes in our processes and culture to make Air Force acquisition and

sustainment operate better, faster, and cheaper so that we can deliver required capability to the warfighters when they need it. The warfighters are the "end customers"—the reasons our processes exist. This is an exciting time for Air Force acquisition and logistics and there is a groundswell of participation in these acquisition and sustainment reform activities. As you encounter these changes, use them to make your own job, and the jobs of others, more effective, efficient, fun, and fulfilling.



functional mix of skills, experiences, and viewpoints. Teams diagnose and bound their chartered problem, examine and redesign processes as necessary, and build a proposed Innovation Package of changes.

During the third phase—*Test*—each Innovation Package will be tested and validated in a limited, real world environment to proof the reinvention package design. This critical phase of the process ensures that we have worked out any difficulties



## Superior Source Selections

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Lightning Bolt 99-2, Superior Source Selections, which will improve the consistency, quality, documentation and debriefings of all Air Force source selections.

Mr. Tim Beyland, the Air Force Associate Deputy Assistant Secretary (Contracting), is the Lightning Bolt Champion, and Ms. Kathleen James, Air Force Contract Policy Division, is the Lightning Bolt Leader charged with implementation of this initiative. Ms. James' implementation team is chartered to ensure that cadres of "source selection expert advisors" will be established at all Air Force Materiel Command Centers, and through all operational Major Commands. This cross-functional group of experts, led by a senior source selection-experienced individual, will participate at their parent activity in all source selections over \$100 million, and will advise on source selections above \$10 million.

This team of experts, working in close coordination with the Acquisition Support Teams (ASTs) being developed as a result of Lightning Bolt 99-1, will be responsible for rapidly disseminating the latest best practices, new Air Force initiatives, and policy implementation guidance for all Air Force source selections. They will network with each other and higher headquarters, and will provide answers "real-time" when issues in source selection arise.

Through effective implementation of this Lightning Bolt, the Air Force will incorporate best practices and innovative techniques across Air Force activities conducting source selections more quickly than ever before. This will ensure greater consistency, open communications with industry, and high quality best value source selections. With Lightning Bolt 99-2, the Air Force will continue to maintain its position as the innovative leader and expert within DoD in conducting source selections.



Successes of the original Lightning Bolts are the product of the hard working men and women of the Air Force acquisition and sustainment workforce. Over the past four years, the Principal Deputy Assistant Secretary (Acquisition and Management), Mrs. Darleen A. Druyun, has singled out individuals and teams for special recognition through presentation of Lightning Bolt Awards.

Past winners include the Joint Direct Attack Munitions Program Team, the Titan Program Master Plan Restructure Team, the Glo-



bal Positioning System Block IIF Source Selection Team, the Joint Strike Fighter Source Selection Team, the F-117 System Program Office and Lockheed Martin Skunk Works ("Team Stealth"), and the F-15 Integrated Product Team.

The achievements of these teams have highlighted the fact that acquisition reform is in high gear in today's Air Force. As we look to the future, we know that many talented innovators will continue this trend. We look to each of you to play a part in this vital effort.

### **LIGHTNING BOLT 99-3** **Market Analysis and Pricing Centers of Expertise**

*by Maj Martin T Kendrick AFMC/DRI*

Mrs. Darleen A. Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, set the stage for further acquisition reform recently by announcing Lightning Bolt 99-3, entitled Market Analysis and Pricing Centers of Expertise. The focus of this initiative is to create multifunctional Centers of Expertise (COE) to gather, organize, analyze, and maintain information on market products, practices, technologies, standards and companies. This Lightning Bolt will support the definition of requirements, risk assessment, the development of acquisition strategies, the execution of price-based acquisition, the conduct of source selections, and risk management. The goals of this Lightning Bolt are to:

- Expand the use of commercial item solutions and the adoption of commercial practices in support of warfighter needs,
- Support the use and conduct of price-based acquisition strategies

including the development and deployment of training and tools, and

- Integrate the technical, contracting and program management functions in the conduct of market research.

The Lightning Bolt Champion for Lightning Bolt 99-3 is Brig Gen Robert P. Bongiovi, HQ AFMC Director of Requirements. The team leader is Ms. JoAnn Swangim, Chief of Requirements Initiatives, HQ AFMC, and the deputy leader is Ms. Sue Hunter, Chief of the Pricing, Finance, and Specialized Policy Branch, HQ AFMC. Team members are from the Air Force Materiel Command directorates of requirements, acquisition, engineering, contracting, and financial management. The team is on a tight schedule with full operational capability scheduled for not later than 1 October 1999.

Lightning Bolt 99-3 is important to the Air Force because FAR Part 10 requires us to conduct market research to determine whether requirements can be met through commercial item acquisition. By establishing Market Analysis and Pricing COEs, the Air Force will build upon the existing expertise across the various product, test, and logistics centers. This enhanced market analysis ca-

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## Market Analysis and Pricing Centers

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pability will enable the acquisition community to take advantage of the commercial marketplace and utilize "best acquisition practices" in the DoD acquisition process. The results will be reduced costs, improved quality, shorter cycle times, and ultimately, better weapon systems. This capability goes beyond merely commercial acquisition by providing a link among the various centers and creating the advantage of a broad base of expertise.

This reform will initially be focused on new ACAT I and II programs since they will provide the greatest initial pay-offs. The program offices and the supporting organizations will contribute the bulk of the expertise in this initial phase.

After focus areas yielding the greatest return on investment have been identified within those programs, this reform will be implemented in those areas across the Air Force. According to Ms. Swangim, "We clearly want every ounce of benefit this measure can provide, and this requires a measured approach. We have to do our homework first. If we were to blindly apply this reform across the Air Force, we would miss the mark."

Ultimately, Lightning Bolt 99-3 will help the warfighter by providing an improved process to acquire better weapon systems. By becoming knowledgeable buyers, we can populate our weapon systems with proven products that are easily maintained, repaired, or replaced.

program office has been reduced by at least 35%.

Lightning Bolt 4 tackled policy creep that had created inconsistent acquisition policies among all of our Product and Logistics Centers. Industry was faced with having to respond differently to RFPs depending on which of the procuring Centers issued a solicitation. This Lightning Bolt canceled all AFMC Center-level acquisition policies and Federal Acquisition Regulation supplements. Over 6,789 pages of policy were eliminated, a 63% reduction. Crucial policy and FAR supplements are now elevated to a level that provides consistent direction across all Air Force acquisition programs.

Lightning Bolt 6 enhanced the role of past performance in source selections. Today past performance is equal in importance to each source selection factor. More importantly, the annual past performance assessment of every major contract clearly states, "Given what I know today about the contractor's ability to execute what was in the proposal, I (definitely would not, probably would not, probably would, or definitely would)

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## LIGHTNING BOLT 99-4

### Alternative Dispute Resolution (ADR) First

by Lt Col Shelly Kalkowski, SAF/AQCS

Many people in Air Force acquisition have the distinct impression that ADR is something for only our lawyers to worry about. What Lightning Bolt 99-4, Alternative Dispute Resolution First, tells our acquisition workforce and industry partners is that ADR is a business team tool, and that program managers and contracting officers are the ones who really need to plan on how to make the best use of assisted settlement techniques.



As much as we would like to believe otherwise, there are no perfect contracts. This means that some form of conflict during contract performance is almost inevitable. But it is also manageable, especially when structured with an ADR technique. The key is for all parties to commit early on to the use of structured, alternative conflict management approaches — and to stay away from resource-draining court procedures. Then, when it gets down to the final resolution, make sure the justification is based on sound business principles and objectives, not legal rights and remedies.

This Lightning Bolt will establish program level ADR implementation agreements between all ACAT I and II program directors and their prime contractor(s). In addition to reaffirming the intent to use ADR first, these agreements will give the parties a jump start in the event that a dispute arises that is not manageable through conventional means.

To make this vision a reality, Mrs. Darleen Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, designated Brig Gen Frank Anderson, Deputy Assistant Secretary for Acquisition (Contracting), as the Lightning Bolt Champion, and Lt Col Shelly Kalkowski, SAF/AQCS, as Lightning Bolt Leader. Implementation of this Lightning Bolt is due to be completed by 1 October 1999.

by Maj Rob Dare, SAF/AQXA

In 1995, the Air Force took a dramatic step to jump-start the acquisition reform process by releasing the first set of nine "Lightning Bolts." Two more Lightning Bolts were added in the spring of 1996. Since that time, as Air Force programs have implemented these Lightning Bolt initiatives, they have seen tremendous benefits in cost and manpower efficiencies. Some of these benefits are summarized below.

Lightning Bolt 1 established a centralized Request for Proposal (RFP) support team. This Lightning Bolt revolutionized Air Force RFPs, reducing the average size by 50% and replacing "how to" Statements of Work with more flexible Statements of Objectives that allow industry to respond with time-and cost-saving solutions rooted in commercial experience.

Lightning Bolt 3 directed the reduction of program offices by 50%. A team developed Program Office sizing tenets based on the management of classified/Special Access Required programs and industry downsizing achievements. To date the average

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award to that contractor today given that I had a choice." Every contractor now has a heightened sensitivity to how well they are satisfying contract requirements.

Lightning Bolt 7 replaced numerous acquisition documents with a Single Acquisition Management Plan (SAMP). The SAMP, which is typically 50 to 100 pages, replaces what equated to nearly six feet of documentation in many cases.

Lightning Bolt 10 reduced the time from requirement definition to contract award. The Lightning Bolt team identified 63 best practices or "tools" for reducing cycle time and compiled a list with 20 recommended changes to current processes. An electronic version of this toolbox is accessible on the SAF/AQ web site and was adopted by the Defense Acquisition Deskbook.

Lightning Bolt 11 enhanced the capabilities of our laboratories by adopting improved business processes learned from weapon systems acquisition reform. The lab initiatives include simplification of the solicitation and contract process, expansion of the laboratory commanders' approval authority, streamlining of laboratory reviews, and electronic coordination of Science and Technology planning. In addition, on 8 April 1997, the Air Force activated the Air Force Research Laboratory (AFRL), which combines the resources of the four existing Air Force laboratories and the Air Force Office of Scientific Research, thereby posturing the Air Force to maintain technological preeminence well into the new millennium.

Collectively, these Lightning Bolts gave a big jolt to the acquisition workforce, and they responded conscientiously and professionally, displaying the will and the energy to make high impact business reforms a reality.

## LIGHTNING BOLT 99-5

### Contracting Support to the Aerospace Expeditionary Forces (AEFs)

by Maj Tim Applegate, SAF/AQCO

SAF/AQ-led Reengineering Action Teams, have developed and implemented reorganization plans and potential new organizational structures for operational contracting offices. The new structures eliminate the stove-piped commodities, construction, and services flights and replace them with mission oriented flights and teams with better focus on customers. They provide for dedicated contingency contracting support. A memorandum issued to squadron commanders in December 1998 calls for full implementation of the new standard base-level operational contracting squadron structure to be completed by the end of FY 99.

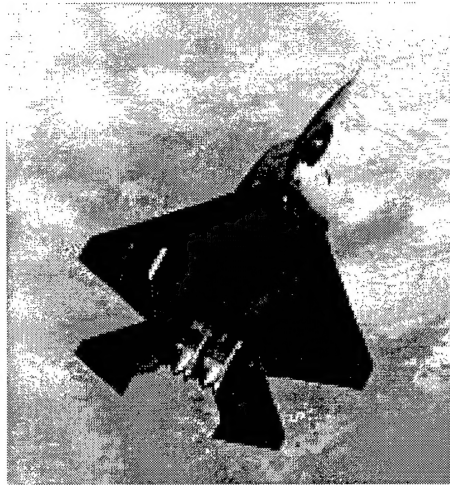
One of the most important operational contracting office customers is the deploying AEF commander. The re-engineered squadron structure recognizes

and support infrastructure are established and fully equipped to support aerospace expeditionary forces; the third is to streamline acquisition procedures and adopt business process improvements to support deploying Contingency Contracting Officers (CCO). The new squadron reorganization will contribute significantly to meeting the first two goals. To streamline business practices, experts throughout the Air Force will lead the charge.

A Lightning Bolt Team, with Maj Al Riba, SAF/AQCO, as the Lightning Bolt Leader, will identify business process improvements. SAF/AQC and the HQ ACC/LGC (AF Mission Area Champion for Contingency Contracting) will coordinate and implement new guidance, policies, and/or procedures by 1 October 1999, in order to support the deployment of AEF 1 to Southwest Asia and all future AEF deployments. Brig Gen Frank Anderson, Deputy Assistant Secretary for Acquisition (Contracting), as the Lightning Bolt 99-5 Champion, will oversee these development and implementation initiatives.

Some of the major processes the team will examine include revising Contingency Contracting Officer warranting procedures, expanding use of the Standard Form 44 in accordance with FAR Part 12, "Acquisition of Commercial Items," increasing the use of purchase cards in a deployed environment and possibly increasing the purchasing threshold of the card during overseas contingency operations. The Lightning Bolt team will work to continue the "Revolution in Business Affairs," and improve the capability and options in the CCO's acquisition "toolkit."

The Lightning Bolt team will ensure Air Force Contracting undertakes re-engineering in a holistic and structured approach and ensure that organizational concepts are implemented that drive positive mission support, constructive organizational behavior, and the innovation of agile contingency contracting teams which can better enable the Aerospace Expeditionary Forces.



*An F-22 flies over the Mojave desert on a test mission. Photo courtesy of Lockheed Martin.*

this fact and provides, for the first time ever, a dedicated Contingency Cell.

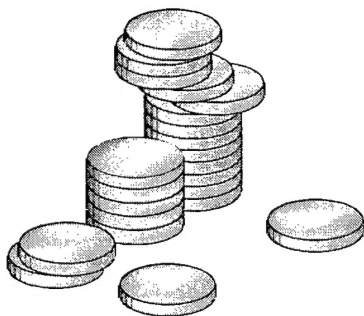
In addition to implementing a new contracting squadron structure to provide the organization and personnel skill sets necessary to support the wing mission in an AEF environment, Lightning Bolt 99-5, Contracting Support to the Aerospace Expeditionary Forces, has two other goals. The second is to ensure that agile contingency contracting teams

**LIGHTNING BOLT 99-6****Improved  
Payment Processes***by Mr. Bernie Josten/HQ AFMC/FMP*

Lightning Bolt (LB) 99-6 improves the timeliness and accuracy of contract payments while reducing their complexity. Currently, contractors and the Air Force are incurring increased interest expenses because of delayed contract payments. Program offices are spending significant amounts of time and program dollars on contracted support to fix payment problems and reconcile problem disbursements. Inaccurate obligation and expenditure rate information negatively impacts Air Force programs by understating actual performance.

Payment concerns are universal. Offices at the Department level, Service level, and within the Accounting and Finance Service have all chartered teams to recommend improvements to the payment process over the past several years.

This Lightning Bolt is a joint effort of Air Force Acquisition and Financial Management, Defense Finance and Accounting Service, Defense Contracting Audit Agency, Defense Contracting Management Command, and Air Force Materiel Command to test specific initiatives. The initiatives are designed to meet the objectives of improved timeliness and accuracy of the payment process. LB 99-6



will support development of the following payment processes:

- Roll up of accounting data for com-

mitment documents to lowest level of congressional interest for obligation on contracts. This will result in fewer Accounting Classification Reference Numbers (ACRNS), prevalidation at the appropriation level and reduced workload for the Defense Finance and Accounting Service (DFAS.)

- Use of a Purchase Card as a payment mechanism to assure timely payments to vendor.
- Use of the system program office to conduct the prevalidation of disbursements in lieu of the DFAS. DFAS would make payment based on receipt of contracting officer verification that prevalidation was complete.

Team members will define processes and develop test programs. Then with the approval of the Lightning Bolt Champions, the programs will be tested and measured for their ability to improve the payment process.

**LIGHTNING BOLT 99-7****PRODUCT SUPPORT PARTNERSHIPS***by Mr. Jerry D. Cothran, Chief, Acquisition Logistics, HQ USAF/ILMY*

In a precedent setting move, Mrs. Darleen Druyun, Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, announced the inclusion of the first primarily Logistics-oriented Lightning Bolt (99-7), Product Support Partnerships, in the just-announced Lightning Bolts 99. The evolution of Air Force acquisition and sustainment policies and practices over the past several years has prompted a close Acquisition/Logistics relationship, and this initiative will strengthen that integration process.

The Lightning Bolt is prompted by the fundamental changes we need to make in the way we support our weapon systems. Our warfighting operational concepts are changing, with more premium on flexibility, tailoring of force packages, and rapid response support capabilities. Our support structure and processes must be tai-

lored to match these objectives. Although we've made progress in this direction, there is room for improvement. We can't continue to pump more money and manpower into archaic, manpower-intensive processes hoping to get the performance we need—we've simply got to look for better ways.

The commercial sector is showing us the way, using Information Technology as a key enabler to provide support systems and processes that are extremely flexible and responsive. We must adapt the best commercial practices, where they make sense, to our environment to realize significant support improvements.

These changes in our support concept will drive changes in the role of industry and the organic workforce. Almost every weapon system we own today has a mix of organic and contractor support, and we need to relook at that mix in light of our changing im-

peratives. There will be no "one size fits all" solution—it will need to be tailored to the equipment and operations involved.

A major component of this new approach will be true partnerships with industry. We need to quit competing with each other in "armslength" relationships and work together in teaming arrangements that emphasize the strengths we can both bring to the table. Acquisition Reform has given us an unprecedented degree of flexibility to structure these new arrangements with our industry partners.

It won't be easy. We have established policy that says the combat capability of the Air Force—the equipment and people that we deploy to forward areas—will remain "blue suit" (or "purple suit"), and that they will do business with standard Air Force sys-

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## Improved Payment Processes

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The co-champions of this Lightning Bolt are Mr. Ron Speer, Principal Deputy Assistant Secretary of the Air Force (Financial Management), and Mr. Blaise Durante, Deputy Assistant Secretary of the Air Force (Management Policy and Program Integration). The co-leaders are Ms. Bonnie Taylor of the Air Force Materiel Command Contracting Directorate and Mr. Bernie Josten, Air Force Materiel Command Financial Management Directorate. The team consists of members from the participating programs and the HQ AFMC Contracting and Financial management directorates.



tems such as supply, maintenance, transportation, and technical data.

Our challenge will be to focus on how we can best tailor the management of our weapon systems, giving maxi-

mum utilization of commercial capability and practices, and remain consistent to our warfighting priorities. There are many possible support combinations, from full organic, as we do today, to prime vendor arrangements giving contractors Total System

## PRODUCT SUPPORT PARTNERSHIPS

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Performance Responsibility (TSPPR), and many options in between those two ends of the spectrum. We will need to tailor the solutions to the needs.

The other Services and DLA are



A sergeant from the 494th Expeditionary Fighter Squadron checks an F-15E before it launches in support of NATO operations. Photo courtesy of US Air Force.

moving forward in implementing partnerships, and we need to take an aggressive approach in this area. We've made significant progress with C-17 Flexible Sustainment, F-117

TSPPR, corporate contracts for the F-100/110 engines, C-17 ACI and LANTIRN depot partnerships, but there remain ample opportunities to expand the concept. To make partnerships work, we and our commercial partners need to change our cultures, moving away from adversarial, competitive relationships to cooperative teaming relationships with mutually agreeable goals. We can then build sound business cases to move forward with innovative acquisition strategies, with performance-based incentives, that will improve support and affordability.

Again, it won't be easy. This is a paradigm shift in our sustainment approach, and will require a lot of hard work in both process and cultural change.

In that regard, it comes down to a leadership issue—everyone must see the imperative to change and work toward the common goal. The rewards are significant, and indeed critical to the future success of our warfighting capability.



## Lightning Bolts '99 Review

### Lightning Bolt 99-1 Acquisition Support Teams (ASTs)

Expand the role of HQ AFMC and Center-level RFPSOs to include all pre-award activities including source selection. Newly-named ASTs will also deploy implementing tools for acquisition reforms.

### Lightning Bolt 99-2 Superior Source Selections

Improve the consistency, quality, documentation, and debriefings of source selections through the use of expert advisors.

### Lightning Bolt 99-3 Market Analysis and Pricing Centers of Expertise

Create Centers of Expertise to conduct Market Analysis and Price Analysis in support of commercial item acquisitions, the adoption of commercial practices, and price-base acquisitions.

### Lightning Bolt 99-4 Alternative Dispute Resolution

Develop implementing procedures to resolve contract conflicts at the lowest level, least cost, and fastest pace.

### Lightning Bolt 99-5 Contracting Support to the Aerospace Expeditionary Forces

Provide superior contracting support to the AEFs with a new operational contracting organization structure and enhanced personnel skills.

### Lightning Bolt 99-6 Improved Payment Processes

Test faster and less complex payment processes for acquisition programs.

### Lightning Bolt 99-7 Product Support Partnerships

Implement product support partnerships that use best commercial practices and core capabilities of the public and private sectors to improve product support performance.

## Reinvention Team Updates

### New Reinvention Teams

by Maj Rob Dare, SAF/AQXA

The Air Force has chartered four new Reinvention Teams as part of its continuing Acquisition and Sustainment Reinvention Process.

The *Maintain/Enhance the Cost Estimating Capabilities of the Air Force* Reinvention Team will determine what cost estimating process is needed to ascertain cost drivers and to ensure quality program cost estimates. The team will address the resources needed versus those currently available (i.e., personnel, training, tools, etc.), and recommend corrective actions.

The *Streamlining the Requirements Process* Reinvention Team will investigate ways to reduce duplicative staffs, cut down on long requirements development timelines, improve the connection between the modernization planning process and the requirements process, and improve funding procedures for Phase 0 studies and analyses.

The *Modification Management Process* Reinvention Team will define and document an effective process to manage Air Force weapon system modifications.

The benefits will include increased configuration control of weapon system modifications, improved concurrence of technical orders and trainers/simulators, and support of the weapon system Operational Safety, Suitability, and Effectiveness policy.

The remaining new Reinvention Team, *Contractor Incentives for Development Schedules*, will develop methods to effectively and appropriately incentivize program offices and contractors to reduce project schedules both during the proposal stage and on contract.

This effort will shorten acquisition response times, reduce program and operational costs, field more current technology, and provide appropriate incentives to contractors.

These Reinvention Teams will continue efforts to improve the efficiency, effectiveness and professionalism of the Air Force acquisition workforce. This, in turn, will provide our warfighters with the capabilities that they need, when they need them, better, faster and cheaper.

### Centralized Sustainment Contracts Reinvention Team

Improving Logistics Cycle Time  
and Preserving our Resources

by Lt Col Lisa Anderson, HQ AFMC/PKL

The imperative of reducing the time it takes to meet the needs of the warfighter, while simultaneously experiencing a reduction in resources, created an urgent need for new approaches to support the sustainment process.

The Centralized Sustainment Contracts Reinvention Team was established in October 1998 by the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, Mrs. Darleen A. Druyun, to implement the use of Corporate Contracts throughout the Air Force as a means of improving the logistics cycle time and preserving our diminishing resources.

At the same time, General George T. Babbitt, Commander, Air Force Materiel Command (AFMC), recognizing the need for a change to the acquisition strategy for sustainment, directed command-wide implementation of corporate contracts for spares and repairs.

A corporate contract is defined as a long-term contract with pre-established pricing that consolidates like requirements with a single contractor and allows for decentralized ordering.

The contract should include requirements from other customers (inter- and intra-service), and will normally be with a single contractor's manufacturing location. A single government organization is responsible for consoli-

dating the requirements, awarding, and administering the contract. This frees up other government agencies/resources to accomplish other efforts.

The Centralized Sustainment Contracts Reinvention Team has joined forces with the AFMC membership of the Joint Contracting for Depot Repair of Secondary Items Integrated Product Team (IPT).

The Joint Contracting IPT was established as a result of an August 1998 Under Secretary of Defense (Acquisition and Technology) memo directing each service to establish one pilot contract that consolidates multi-service requirements for secondary repair to a single contractor.

The teams worked with the Air Logistics Centers to identify their candidate spare and repair contracts for implementation of the new initiatives.

To further assist in establishing Corporate Contracts, the team drafted a guide as a workbook providing step-by-step recommended approaches. The guide addresses organization, requirements consolidation, acquisition strategy, contracting, ordering, and administration. The draft guide has already been provided to the field for comment and use. The hard copy is planned for completion in May 1999, and a web-based version will be available soon thereafter.



# AFI 63-124, Performance-Based Service Contracts

## What is This New Instruction All About?

by Maj Laureli Mazik, HQ AFSPC/LGC

*The following article describes one of the key initiatives of the Commercial Services Reinvention Team: new guidance for writing service contracts. The new Air Force Instruction 63-124, Performance-Based Service Contracts, prescribes the process of performing acquisition planning, describing agency needs, acquiring services, implementing performance-based service contracting, and quality assurance. It provides tremendous flexibility to apply acquisition reform principles, encourages the use of commercial practices to the maximum extent practicable, and promotes business process improvements in Air Force service contracts. With over 50% of the Air Force budget spent on services, process improvements in this area can pay big dividends.*

PETERSON AFB, CO—

**Y**ou might need AFI 63-124 training if:

- You think performance based is how you judge talent contests.
- You think strategic sourcing is looking for the coldest beer in the ice chest.
- You think BRAG is what your Mama does when she talks about you.
- You think market research means clipping coupons.
- You think commercial is what interrupts your favorite TV show.
- You think quality assurance is stamping everything "USDA Grade A."
- You think insight is an elk in your cross hairs.
- You think oversight means you don't need eye glasses.
- You think past performance is an old movie.

Let's get right down to the bottom line: AFI 63-124 changes the philosophy and the process of how we acquire

and manage services. This change occurred as a result of several factors: instituting acquisition reform principles as required by law; implementing commercial practices/standards into our acquisitions; Quality Assurance Evaluator Program (QAE) program concerns; continual cuts in funding; and the upswing of not only outsourcing base support, infrastructure, and base services but also outsourcing mission support functions. Plus, over the years it became very apparent that AFM 64-108, "Service Contracts" and AFI 63-504, "Quality Assurance Evaluator Program," were too restrictive in how our service contracts and quality assurance evaluation programs had to be structured. We all know that each acquisition is unique and the varying circumstances surrounding each acquisition may drive us to acquire and manage that service in a different manner. Bottom-line, we needed an instruction that provided some flexibility.

AFI 63-124 provides that flexibility. Specifically, this new instruction provides the flexibility to apply acquisition reform principles; encourages the use of commercial practices to the maximum extent practicable; and promotes business process improvements. It implements the requirements of the Federal Acquisition Regulation in performing acquisition planning, describing agency needs, acquiring services, implementing performance-based service contracting and quality assurance for all service contracts over \$100,000 annually (includes base support, base services, major services, delegated contracts and A-76 actions).

As a minimum, you should become familiar with the following three key elements of AFI 63-124:

- First, the emphasis is on a team approach to acquisition. We all realize that each functional office working independently is not ef-

fective in building a contract. All of the key players involved with the acquisition need to work as a cohesive unit from need identification through contract performance management. The core of this team approach is the Business Requirements and Advisory Group (BRAG.) Together, this team will do market research, write the statement of work, determine the performance thresholds (standards), write the quality assurance surveillance plan, write and issue the solicitation, perform the source selection, and monitor contractor performance. It is required that a BRAG be established for every requirement operating under this instruction. To summarize, instead of the stove-pipe mentality, we need to commit our best resources to multi-functional teams which can provide the expertise and continuity to produce a contract and surveillance plan that will best satisfy the user's needs within budget and with continuous improvement throughout the life of the requirement.

- Second, requirements must be defined as performance-based. This means instead of defining requirements in terms of "how to" and making AF regulations directive on the contractor, we define requirements in terms of end results, outputs or deliverable with measurable performance thresholds (standards).
- Third, the approach to quality assurance surveillance is moving from oversight to insight. When we have outcome-based contract requirements we can switch our focus to evaluating whether the standards (desired end results) are met versus evaluating the processes

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# Contract Award Cycle Time Reinvention Team

by Ms. Lorraine Andrews and Mr. Mac Smith, WR-ALC/PKA

ROBINS AFB, GA—Acquisition teams at all product and logistics centers will soon have a new software tool to identify and apply Air Force acquisition best practices. CACTI, which stands for "Contract Award Cycle Time Instrument," is the product of the Contract Award Cycle Time Reinvention Team, chaired by Col Tim Callahan, Deputy Director of Contracting at the Warner Robins Air Logistics Center (WR-ALC).

The Contract Award Cycle Time Reinvention Team was created under the Air Force's Acquisition and Sustainment Reinvention Process. The team's objective is to determine methods of reducing cycle time to get contracts awarded using best practices. While the best practices have been in use for some time, they have been inconsistently applied and difficult to measure.

CACTI was developed to "institutionalize consideration and use of tested best practices," said Mary Halligan, Development Team Leader. CACTI employs a very user-friendly, internet-based decision tree software package that progressively narrows the universe of potentially applicable best practices, tailoring them to individual types of acquisitions. The program will also provide documentation for the contract file outlining the selected best practices and accompanying rationale. Hyperlinks will take users to help files explaining each best practice and its applicability. Finally, CACTI will generate metric data for the center acquisition champions to gauge success in acquisition reform through best practice usage.

Ninety-seven best practices were drawn from the Air Force Lightning Bolt 10 and 10A reports, the Acquisition Pipeline Inventory Reduction (APIR) reports, and the Sustainment Process Improvement Reform Implementation Team (SPIRIT) reports and

loaded into the CACTI program. The best practices cover the full range of Air Force acquisitions, both competitive and non-competitive, large systems as well as spares, repairs, and modifications.

"While anyone working on an acquisition can use CACTI, the tool is best suited for acquisition teams made up of requirements, program management, and contracting personnel. The best practices cover the acquisition process, from requirement definition and early acquisition planning, through program and contract development, to award," Halligan said.

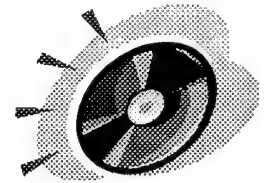
The acquisition team enters the program through a series of boilerplate identification questions, followed by a set of gateways that begin the automated tailoring process. These gateways define the acquisition by requirement kind (product or service), requirement type, dollar value, commercial availability, requirement description, and whether the acquisition will be competitive or sole source.

Early use of CACTI in the acquisition process is imperative if the full planning benefits of the best practices are to be realized. Each best practice will have an attached help file available for guidance on definition and applicability.

CACTI is an excellent planning and guidance tool for teams to maintain continuous focus on ensuring best practices are fully utilized because CACTI runs can be reentered as often as needed during the acquisition process. A final CACTI run is generated at the conclusion of the acquisition effort and placed in the contract file prior to final contract clearance and award.

The CACTI program itself has the flexibility to update with new best practices as they are adopted. The comprehensive metrics database will have the

ability to pull information on usage of each best practice, locations, and gateway information. CACTI is the result of long hours of process analysis and redesign that accomplishes the team objective.



One of the key challenges faced by the Reinvention Team was that "one size does not fit all." Not all best practices are appropriate for all situations. The issues and constraints in handling a major systems acquisition may be very different from a sustainment effort. CACTI should assist acquisition personnel across the board in determining what practices are essential and provide early guidance in incorporating them into acquisition planning. To meet the challenge of designing a single program for both Product and Air Logistics Centers, the Reinvention Team brought together a highly professional Development Team made up of experienced personnel from Warner Robins Air Logistics Center, Aeronautical Systems Center, the Acquisition Support Team and Contracting from Headquarters, Air Force Materiel Command, Electronic Systems Center, and Oklahoma City Air Logistics Center.

CACTI is currently in testing at both ASC and WR-ALC and is scheduled for full deployment by mid-June. Use will be mandatory for all acquisitions except operational contracting. CACTI is not intended to replace policy, regulation, or other prudent acquisition strategy planning. However, according to Colonel Callahan, "CACTI will be an invaluable Acquisition Tool in ensuring all Air Force acquisitions consider Best Practices in bringing Best Value to the Warfighter."

# New Air Force Source Selection Policy and Procedures

by Ms. Kathy James, SAF/AQCP

The new Air Force Source Selection policy is planned for issuance by April 1999. The policy is already being used by Air Force activities (using the 12 February 1999 draft policy and procedures documents posted on the Air Force Contracting web site), and reaction to the policy thus far has been very positive. Most agree that the new policy is easier to implement, and less resource-intensive than the previous guidance, AFFARS Appendices AA and BB.

During a "Train-the-Trainers" session conducted in Crystal City, Virginia, 4-5 February 1999, 120 representatives from all Air Force Major Commands, Field Operating Agencies, and Direct Reporting Units, were briefed on the new policy, and given the opportunity to ask questions. There was much lively discussion! Most attendees viewed the changes as an opportunity for greater flexibility and empowerment in the field. But, as with any major new policy, there were many "what-if" questions posed, and detailed questions regarding the "how-to's" of implementation. Most attendees who completed the feedback form at the conclusion of the training thought it would help them on their jobs, and many expressed eagerness to begin use of the new policy. Virtually all attendees were happy to see both the training briefings and the new policy and procedures documents made available on the Air Force Contracting web site.

Training has already been completed at several Major Commands as a result of the February 1999 session and is expected to continue throughout the next several months. In addition, training guidance and materials will be continuously updated. Several source selection "scenarios" are being prepared for use across Air Force activities during Acquisition and Logistics Reform Week in June 1999.

What are the major changes of the new Air Force source selection policy?

First, the new policy will be part of

the Air Force supplement to FAR Part 15. The AFFARS Appendices AA and BB will be rescinded.

Second, there will also be an easy-to-update source selection procedures document available on the World Wide Web. This document is not mandatory, but should be used in tandem with the policy to provide more "how-to" information in conducting Air Force source selections.

Third, there will be three recognized source selection categories, with procedures ranging from very simple, using two-person teams, to highly structured teams of more people to conduct the source selection. The documentation requirements will be minimal for the lowest category, and more comprehensive at the highest dollar value source selections. The categories are:

- Basic: from \$100,000 to less than \$10 million
- Median: from \$10 million to less than \$100 million
- Agency: \$100 million and higher

Fourth, Clarification Requests (CRs) and Deficiency Reports (DRs) will no longer be used. Instead, during exchanges (defined in FAR Part 15), the Air Force evaluators will issue Evaluation Notices (ENs) which will identify which phase of exchanges the government is in (clarifications, communications or discussions), and identify to the Source Selection Authority, if requested, which ENs relate to deficiencies in the offerors' proposals.

Fifth, more information will be shared with offerors during debriefings, and for certain programs, offerors will be provided with their interim rating status when discussions have been completed and prior to final proposal revision (FPR) requests.

With these changes, the Air Force anticipates that source selections will be more open and informative to industry participants, require less time and resources to conduct, and still allow the Air Force to achieve best value results.

## Performance-Based Service Contracts

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used. Instead of using random sampling inspection to take money from contractors, we need to use the most efficient surveillance method and have open communication and teaming with the contractor to focus on performance. With insight we can rely on the contractor's quality control systems for control of the processes and the government's quality assurance focuses on final outcomes (performance measures, metrics, data produced by the contract's quality program/process).

Are you still confused on what is required by AFI 63-124 and what performance-based contracts really means? Well, look to your MAJCOM for more training because as of 10 Feb '99 they will have been trained. As the Mission Area Champion for Operational Contracting, HQ AFSPC took the lead to develop training on implementing AFI 63-124.

HQ AFSPC established a multi-functional team that developed a training seminar on implementation of the new philosophy. The training consists of the following: an overview of what drove the need for a new AFI and the new philosophy; a training block on new team structures and open communication; a training block on market research; a training block on writing performance-based statements of work; and a training block on performance management (quality assurance) making a shift from oversight to insight.

The training is not geared to make people experts in writing and administering performance-based contracts. It provides the fundamental philosophy/direction and basic skills on how to tackle performance based service contracting. Training slides are available on the HQ AFSPC Contracting web site: <http://www.spacecom.af.mil/hqafspc/>

Good luck and one day you may be able to "BRAG" about your accomplishments!

## Elsewhere in Acquisition...

# OT&E Support to the Warfighter

## A New AFOTEC Teaming Approach

by Mr. Jim Lozito, AFOTEC/XPX

KIRTLAND AFB, NM - The entire acquisition community faces unprecedented challenges to meet the needs of the 21<sup>st</sup> Century warfighter. The Air Force Operational Test and Evaluation Center (AFOTEC), as part of the acquisition community, has reengineered its core processes and organizational structure to meet this dynamically changing environment. A prime thrust in this reengineering involves increased teaming with the warfighters and key people in the acquisition community. This article briefly highlights the challenges, the reengineered AFOTEC, and the team approach to provide full-spectrum support.

The operational environment and tempo for the warfighter are changing at a rapid pace, with emerging threats and uncertain future operational environments. Limited resources drive joint military operations, which must be leaner, more efficient, more agile, and more expeditionary than ever before. Furthermore, limited resources have resulted in a greater reliance on contractor developmental testing, increased emphasis on Modeling and Simulation (M&S), and added importance of government Operational Test & Evaluation (OT&E).

The entire acquisition community must continue to use and explore innovative methods to responsively provide the warfighters the tools needed to meet their dynamic mission requirements. Like our acquisition partners, AFOTEC has adapted its mission and reengineered its core processes and organizational structure to support the warfighters' needs. Throughout 1998, AFOTEC conducted a top-to-bottom review, including dedicated off-site sessions, to determine the underlying core processes, structure, and implementa-

tion actions for a reengineered AFOTEC for the 21<sup>st</sup> Century: "AFOTEC 21." To both formalize and highlight a heightened focus on supporting the warfighters' needs and teaming our expertise with fellow acquisition players, AFOTEC modified its mission statement:

To plan, execute, and report independent OT&Es. Determine operational capabilities and limitations of Air Force and joint systems *to meet warfighter mission needs. Provide operational effectiveness, suitability, and evaluation expertise from concept development to system employment* in support of AF, DoD, and other governmental agencies.

This mission requires an enhanced teaming approach with the warfighters and our acquisition partners across the full spectrum of the system acquisition and employment process. While we remain fully committed to our core business of determining system operational capabilities and limitations for full-rate-production decisions, increased weight is being placed on providing operational value-added assistance throughout the system development. Our focuses are reducing program risk, attaining system operational effectiveness and suitability, and providing mission-critical information to the joint warfighters and decision-makers. The following principles are fundamental to the accomplishment of AFOTEC's mission:

### Active Participation in Early Involvement Activities

AFOTEC will assist the acquisition team in the following areas: Mission area analysis; strategy-to-task definition; operational concept/requirements devel-

opment; analyses of alternatives; contractual requirements development; source selections; Integrated Product Teams; combined test force teaming; digital system model development; and military utility assessments supporting Advanced Technology Demonstrations, Advanced Concept Technology Demonstrations, Battlelab initiatives, and joint experiments/exercises. During our early involvement, the system readiness certification templates in AFM 63-119 will be used as a primary tool to identify and reduce program risks. Key AFOTEC organizations spearheading our early involvement are:

- Mission Directorates for Air and Space Operations and Integrated Logistics. AFOTEC's centers of operational expertise will conduct mission area research, including in-depth knowledge of Air Force/Joint doctrine and theater operations. Also, the Directorates will conduct mission decompositions/impacts analyses and perform operational problem solving within AFOTEC and in support of the warfighting and acquisition communities.
- Detachment 1, located at Kirtland AFB, will manage support of non-traditional programs such as ACTDs and Battlelabs.
- Liaison Offices (LOs) at the Pentagon and in the Norfolk, VA, area have been established to provide visibility and connectivity with key agencies associated with acquisition and warfighter communities. They complement existing LOs at Wright-Patterson AFB, OH, and Hanscom AFB, MA.

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## GATO: Web-Environment

The Premier Integrated  
Digital Environment (IDE)  
Innovation Center

*Maj Bill Richard SAF/AQXA*

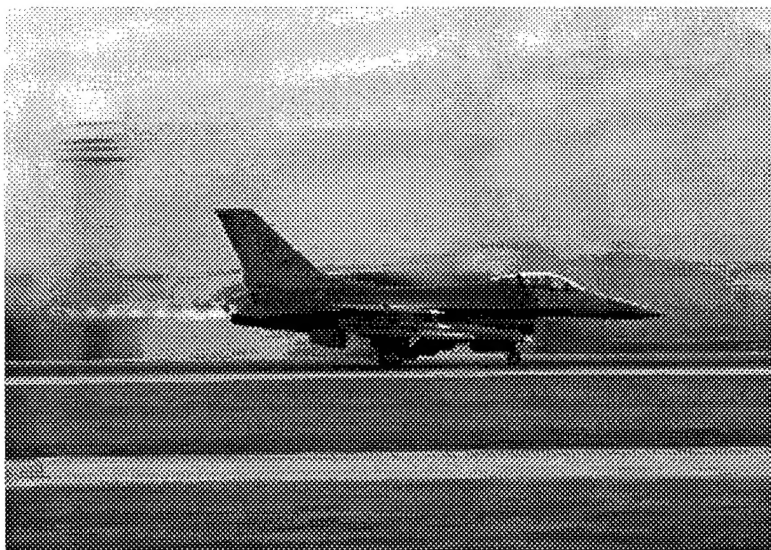
On February 12, 1999, the Electronic Systems Center's Global Air Traffic Operations (GATO) System Program Office (SPO) sealed its commitment to give people access to the information they need to do business. GATO signed a contract with the Assistant Secretary for Acquisition (SAF/AQ) and the Commander of the Electronic Systems Center (ESC/CC) to become the first Innovation Center to create an Integrated Digital Environment (IDE). With the assistance of both SAF/AQ and ESC/CC, GATO will create a fully integrated, web-based work environment within one year.

Creating an IDE means more than just automating current practices. It means getting rid of impediments that prevent the creation of a new culture and new ways to do work. Here are some of the benefits:

- Access to information will replace reporting.
- The owner/creator of information will be its keeper.
- Information will be immediately available to all authorized people who need it.
- Corporate memory will capture the essential "wisdom" of the organization for re-use.

The program is in response to a 1998 directive from the Under Secretary of Defense. Changing the culture will come from programs developed by the Air Force business units—approximately 200 System Program Offices (SPO) and other single-manager units. These units will develop and maintain the major weapon and support systems of the Air Force. Colonel Terry Balven, Director, Headquarters Information Program Planning Office, and his team surveyed the SPOs and identified a number of significant initiatives. Instead of working from the top down (for example, to create agency-wide common databases), the team is creating new ways to do work.

GATO will implement a completely web-based work environment for conducting all of its business functions. This includes business activities for acquiring flight navigation and mobile C2 systems and their internal personnel management activities. It will encompass training, financial management, and even staff meetings! SAF/AQ will initially sponsor three IDE Innovation Centers and add more before the end of the year.



*An Air Force F-16 from the 53rd Fighter Wing takes off on a mission in support of Operation Allied Force. Photo by Senior Airman Stan Parker.*

## OT&E Support

*(continued from page 13)*

### Increased Emphasis on Mission-Level Evaluations

Our assessments and evaluations will be more heavily focused on mission-essential warfighting tasks. We will conduct mission-oriented evaluations, evaluating systems in the larger context of the supported mission(s) and the systems-of-systems environment. Where possible, we will integrate test activities in Air Force and joint exercises to increase operational realism at reduced cost. Modeling and simulation will be employed to improve the depth of our test understanding and elevate evaluation capability to the operational mission level of warfare. Finally, we have instituted a formal Scope/Cost process to ensure we maximize our mission-level focus within available funding constraints.

### Product and Process Assessment

Continuous, internal and external assessment of AFOTEC's products and services and making required adjustments ensure timely and accurate support to our customers.

AFOTEC is totally committed to these principles. We have adapted our mission and reengineered our processes and organizational structure to meet the changing environment confronting the warfighting and acquisition communities. The essence of AFOTEC 21 centers on providing crucial system and mission-level information to warfighters, acquirers, and decision-makers; focusing resources; and tailoring customer support.

AFOTEC 21 is well underway and pressing forward, teaming with its key acquisition community partners to meet the challenges ahead.

# AMRAAM Vision 2000: Another Success Story

by Lt Col Jerry Worsham, AAC/YAL

EGLIN AFB, FL - The Department of Defense recently selected the Advanced Medium Range Air-to-Air Missile (AMRAAM) Vision 2000 Implementation Team as the Air Force winner of the third annual DoD Life Cycle Cost Reduction Award. The AMRAAM integrated government/prime contractor team reduced the AMRAAM average unit procurement cost from over \$750,000 to under \$400,000. Even though this success was "a hard act to follow," the Vision 2000 team has taken the next step to reduce life cycle costs with initiatives to streamline sustainment costs.

With the agreement for a new production contract completed in April 1998, the System Program Director, Ms. Judy Stokley, laid down the challenge to the AMRAAM logistics community to demonstrate similar savings for post-production activities. The AMRAAM Chief of Logistics, Lt Col Jerry Worsham, and his Raytheon Logistics counterpart, Mr. Robert Richards, led the effort to find those savings. Their logistics team consisted of acquisition reform champions

from Eglin AFB, FL; Warner Robins Air Logistics Center, GA; Pt Mugu, CA; and the Raytheon Missile Systems Company, Tucson, AZ.

The review of sustainment processes began with identifying the total set of logistics tasks involved in post-production support. With professionals from each organization and with representation of domestic and international customers, each task was captured and defined to paint a full picture of the role of logistics. Next, the tasks were grouped into elements of support.

With an eye toward streamlining logistics support, the team soon reviewed the maintenance concept of the missile program. Under the maintenance program that was in place, inoperative missiles were returned to Naval Weapons Stations for testing and troubleshooting. The faulty section would be forwarded to Raytheon for repair. This intermediate level of maintenance was eliminated, saving transportation expenses and consolidating spare parts inventories.

Further reviews consisted of making

a determination of the contractor's sustainment role with regard to Total System Performance Responsibility (TSPR). The concept of TSPR, a main precept of Vision 2000, states that the contractor shall take the steps that he deems necessary to produce, warrant, and sustain the missile. The need for government oversight is significantly reduced and duplications of effort become prime targets for elimination. In the resultant analysis, many system tasks, including maintenance of logistics data, component parts management, and engineering support were consolidated with the contractor. Additionally, data deliverables for the missile were reduced 90%, the System Life Prediction Program was enhanced, and the cost of repairs was reduced.

According to Ms. Stokley, "The significant reduction of sustainment costs will provide a wedge to the warfighter for maintaining long-range support in the face of declining budgets." These improvements keep the AMRAAM program on the leading edge of acquisition reform.

## Upcoming Events



**Mark your calendars for  
Acquisition & Logistics  
Reform (ALR) Week  
June 7-11, 1999**

**Understand the Objectives:**  
**Accelerating the Revolution in Military Affairs &  
Accelerating the Revolution in Business Affairs**

**Watch for upcoming details on:**  
**Air Force senior leadership visits, training opportunities  
& Other ALR Week events**

### Participate in ALR Week:

1. **Partner with your team** — users, acquisition & sustainment community members (contracting, program management, technical, logistics, and financial) and industry members.
2. **Investigate reinvention opportunities** — examine how your team does business now, and *explore how you can improve the way we do business in the future.*

***Make change a part of your culture—continually improve!***

For more details on ALR Week activities, contact your local Acquisition Reform Champion or Ms Lauri Smith (lauri.smith@pentagon.af.mil, DSN 425-7104, Comm 703 588-7104) or check the AF Acquisition Reform web site at [http://www.safaq.hq.af.mil/acq\\_ref/](http://www.safaq.hq.af.mil/acq_ref/)

# AEROSPACE ACQUISITION 2000

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*The Office of the Assistant Secretary of the Air Force (Acquisition) is responsible for the overall supervision of the Air Force acquisition system.*

## The SAF/AQ Vision

*"An innovative team of professionals leading the Air Force in partnership with industry and the other services to rapidly equip America's warfighters with effective and affordable combat systems."*

## The SAF/AQ Mission

*"Provide the leadership, direction, policy, and resources to acquire superior systems, supplies, and services to accomplish the Air Force mission."*

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